



**DCUC**  
DEFENSE CREDIT UNION COUNCIL

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**February 26, 2026**

The Honorable Alex Padilla  
United States Senate  
Washington, DC 20510

The Honorable Kevin Cramer  
United States Senate  
Washington, DC 20510

Re: Urging Inclusion of CLF Enhancement Language in the Housing for the 21st Century Act

Dear Senator Padilla and Senator Cramer:

On behalf of the Defense Credit Union Council (DCUC), I write to thank you for your bipartisan leadership on the NCUA Central Liquidity Facility (CLF) Enhancement Act and to **urgently request** your continued support in ensuring that your CLF reform provisions are included in the upcoming *Housing for the 21st Century Act* when it reaches the Senate floor. DCUC is the leading voice for credit unions serving nearly 40 million servicemembers, veterans, Department of Defense civilians, and military families worldwide. We strongly believe that permanent CLF enhancements are critical to liquidity support for credit unions – especially those serving our nation’s military communities – and will significantly bolster housing access, financial stability, and mission readiness in times of economic uncertainty.

**Importance of the CLF as a Liquidity Backstop:** The NCUA’s Central Liquidity Facility is essentially the credit union system’s lender-of-last-resort, providing emergency loans to member credit unions facing unexpected liquidity pressures. During the COVID-19 crisis, Congress wisely enacted temporary enhancements to the CLF (via the CARES Act) that *greatly expanded* credit unions’ access to this vital liquidity backstop. By allowing corporate credit unions to serve as “agent members” and purchase CLF capital stock on behalf of smaller institutions, the number of credit unions with CLF access skyrocketed from just 283 to over 4,100 – including many serving on-base military installations. This expanded access proved enormously effective: hundreds of small and mid-sized credit unions (many of them defense-focused) were able to weather the pandemic’s economic turmoil and **continue lending to military members and their families when it mattered most.**

Unfortunately, these temporary CLF enhancements expired at the end of 2022 without a permanent solution in place. When the authorities lapsed, more than 3,300 (mostly smaller) credit unions – many under \$250 million in assets – lost access to the CLF, causing the system’s available emergency liquidity buffer to contract by nearly \$10 billion. In practical terms, roughly **three out of four** U.S. credit unions – including a great many on military bases and in rural communities – were once again cut off from this critical liquidity lifeline. This outcome is **untenable for the financial system that serves our servicemembers and their families.** It diminishes the ability of defense credit unions to support their members (for example, through continued mortgage and consumer lending) during crises, thereby weakening the financial resiliency of military households.

*Serving Those Who Serve Our Country*

We applaud your response to this challenge. By introducing the **NCUA CLF Enhancement Act**, you have provided a bipartisan, common-sense solution to restore and modernize the CLF’s capabilities on a permanent basis. The U.S. Senate has already recognized the merit of this solution – adopting your CLF provisions as an amendment to its FY2026 National Defense Authorization Act with overwhelming bipartisan support. Making the pandemic-era CLF improvements permanent is a zero-cost step that strengthens credit unions’ resilience, safeguards financial stability, and ensures military families and underserved communities have continued access to reliable financial services **especially in times of crisis**. If enacted, this reform will allow credit unions easier access to emergency liquidity through the NCUA’s CLF, ensuring that these institutions can “keep the lights on” for their members during financial crises. In short, your legislation is a prudent, *mission-critical* upgrade to our financial system’s safety net.

**Key Benefits of Permanent CLF Enhancements:** Incorporating the Padilla-Cramer CLF language into the *Housing for the 21st Century Act* will yield several important benefits for credit unions and the communities they serve:

- **Improve Emergency Liquidity Access – All credit unions, large and small, would be able to readily draw on the CLF in times of economic stress**, allowing them to continue serving their members – *especially military families* – without disruption during crises. By broadening access to the CLF’s resources, on-base defense credit unions will remain mission-ready to support servicemembers through personal financial emergencies or economic downturns. The ability to obtain liquidity on short notice can make the difference in maintaining operations and aiding members during disasters or market upheavals.
- **Enhance Financial System Stability** – Wider participation in the CLF will help **reduce systemic risk and protect the National Credit Union Share Insurance Fund** by fortifying the cooperative financial sector’s defenses. In short, more robust liquidity options make the entire credit union network – which safeguards the savings of 144 million Americans, including millions of servicemembers – more resilient. Notably, the NCUA’s federal regulator has warned that now is “*not the time to cut off emergency liquidity*” for community-based lenders. Your amendment heeds that warning, strengthening an important financial backstop at **no cost to taxpayers** (the CLF is entirely self-funded through credit union contributions).
- **Support Small and Defense-Focused Credit Unions** – Many defense credit unions on military installations – as well as small credit unions in rural or underserved areas – **do not have direct access to other federal liquidity sources** (such as the Federal Reserve’s discount window). For these institutions, the CLF is truly the *only* lifeline in a crisis. Restoring the agent-member provision means credit unions serving our troops and veterans can obtain liquidity when needed, allowing them to keep lending and providing critical financial services to military communities during tough times. This is fundamentally a matter of **operational readiness** for on-base financial institutions: by ensuring continuous access to liquidity, we bolster the financial readiness of servicemembers and their families so they are not left without support in emergencies. The “people helping people” mission of credit unions makes them our nation’s financial first responders in times of hardship, and a modernized CLF will empower them to fulfill that role effectively.

These enhancements enjoy broad support. NCUA’s Board has explicitly called on Congress to **restore and modernize the CLF’s powers on a permanent basis**, reflecting the consensus that this reform is needed to safeguard the financial well-being of both military and civilian communities. Furthermore, the Congressional Budget Office has confirmed that making the CLF enhancements permanent would **carry no scoreable cost**. In other words, Congress can significantly reinforce the credit union system’s liquidity **without imposing any burden on taxpayers** – a rare opportunity for a win-win strengthening of our financial infrastructure.

**Aligning with Housing and Community Stability:** Although the CLF provisions are financial in nature, their inclusion in the *Housing for the 21st Century Act* is highly fitting. A robust, liquid credit union system is essential to sustaining consumer credit – including home loans and affordable housing finance – during economic shocks. Credit unions are key lenders in communities across America and often step up as **lifelines for military families** and veterans pursuing homeownership or trying to stay afloat during hard times. By fortifying credit unions' liquidity, we ensure they can **continue offering mortgages, renovation loans, and other critical credit** even when markets are under stress. This, in turn, supports the broader goals of housing affordability and stability that the 21st Century Housing legislation seeks to advance. Simply put, **liquidity support for credit unions translates into reliable financial support for families striving for housing security.**

In addition, we note that the Senate has **already validated these CLF reforms** once. The Senate-passed FY2026 NDAA included the Padilla-Cramer CLF enhancement language, reflecting the strong bipartisan consensus behind this measure. It was deeply disappointing that this provision did not survive the conference committee and was removed from the final defense bill. However, that setback only underscores the urgency of enacting the reform now through another legislative vehicle. **We respectfully urge you to seize the opportunity before you in the Housing for the 21st Century Act to finally enact the CLF enhancements into law.** By doing so, Congress will equip credit unions to better serve their members – including millions of military personnel, veterans, and their families – and to maintain financial stability in our communities during times of uncertainty.

Thank you for your consideration and for your steadfast commitment to supporting America's credit unions and the communities they serve. We are grateful for your ongoing advocacy for military members and their families. **Financial readiness is mission readiness**, and liquidity reforms like the CLF enhancement will ensure that the financial institutions serving our servicemembers remain strong, responsive, and ready to support housing and economic needs in good times and bad. DCUC stands ready to assist you in advancing this critical provision, and we urge swift action to include it in the Housing for the 21st Century Act.

Sincerely,



Jason Stverak  
Chief Advocacy Officer  
DCUC

**CC: Members of the United States Senate**